

November 7, 2003

To: Governor Kathleen Sebelius and Legislative Budget Committee

From: Kansas Legislative Research Department
Kansas Division of the Budget

Re: State General Fund Receipts for FY 2004 (Revised) and FY 2005

Estimates for the State General Fund (SGF) are developed using a consensus process that involves the Legislative Research Department, Division of the Budget, Department of Revenue, and three consulting economists from state universities. This estimate is the base from which the Governor and the Legislature build the annual budget. The Consensus Group met on November 3, 2003, and increased the FY 2004 estimate by \$11.9 million and developed the first estimate for FY 2005. The revised FY 2004 estimate is \$4.484 billion and the FY 2005 estimate is \$4.469 billion.

For FY 2004, the estimate was increased by \$11.9 million, or 0.3 percent, above the previous estimate (made in April and subsequently adjusted for legislation enacted after that point and for the implementation of the property tax accelerator provisions by the Governor in August). The overall revised SGF estimate of \$4.484 billion represents a 5.6 percent growth forecast above final FY 2003 receipts. It should be noted that the FY 2004 receipt estimate was significantly influenced by one-time monies (tax amnesty, property and motor vehicle taxes, \$50 million in tax refund deferrals, and revenues from the federal government) which for the most part are not expected to continue as an ongoing part of SGF receipts.

The initial estimate for FY 2005 is \$4.469 billion, which is \$14.4 million, or 0.3 percent, below the newly revised FY 2004 figure. The FY 2005 growth rate also is heavily influenced by removal of many of the one-time monies from the SGF-receipts base, in addition to the economic forecast for the state.

Economic Forecast for Kansas

The Kansas economy is expected to continue to grow more slowly than the national economy. Estimates of nominal US Gross Domestic Product for 2003, 2004, and 2005 are 4.15 percent; 5.50 percent; and 5.70 percent, respectively, compared with Kansas Gross State Product estimates for the same three years of 3.40 percent; 4.75 percent; and 4.80 percent. Aviation manufacturing remains an area of particular concern, a concern which is further magnified by the ripple effect that sector has on the entire state economy. The Consensus estimates contained herein are based on the assumption that the relatively modest growth in the Kansas economy will lag behind the growth in the US economy for the foreseeable future.

Kansas Personal Income

Kansas Personal Income (KPI) in 2002 grew by only 1.9 percent over the 2001 level. The growth rate for KPI is expected to accelerate throughout the forecast period, with the estimates now set at 3.0 percent for 2003, 4.6 percent for 2004, and 4.8 percent for 2005. It should be noted, however, that the estimates have been lowered significantly since the April Consensus forecast, when the 2003 KPI growth was expected to be 4.4 percent and the 2004 growth was expected to be 5.3 percent. Current estimates are that overall US Personal Income growth – 3.4 percent for 2003, 6.2 percent for 2004, and 5.7 percent for 2005 – will be much faster than the growth in Kansas.

Employment

The employment outlook for Kansas remains sluggish. The overall Kansas unemployment rate was 5.0 percent in FY 2003 (the highest in nine years) and is expected to again be 5.0 percent in FY 2004 before dropping to 4.9 percent in FY 2005. Over 27,000 fewer manufacturing jobs are expected to exist statewide in FY 2004 than did in FY 1999. One forecast suggests an additional 2,000 manufacturing jobs could be lost in and around the Wichita area alone during calendar 2004. The events of 9/11/2001 and new competitive pressures affecting the airline industry have continued to cause a downward spiral in aviation manufacturing employment. Any kind of modest recovery in general aviation manufacturing would appear to be at least two years away.

Agriculture

The All Farm Products Index of Prices received by Kansas farmers was 109 in September, compared with 103 a year ago. Kansas' 2003 wheat crop, which was 480 million bushels, represents an 80 percent higher yield than the 2002 crop and is the third largest on record. Cattle prices in 2003 are continuing to run significantly ahead of 2002 levels. The lack of moisture in the western one third of the state remains a significant concern.

Oil and Gas

The average price per taxable barrel of Kansas crude oil is estimated to be \$27.00 for FY 2004 and \$25.00 for FY 2005. Gross oil production in Kansas, which generally had been declining steadily for more than a decade until FY 2000, appears to be stabilizing at around 33 million barrels per year. More than half of all Kansas oil produced is not subject to severance taxation because of various exemptions in that law. The price of natural gas, which has been relatively high over the summer and fall, is expected to further increase over the winter months, based on an industry source's analysis of futures markets. Various market forces, including historically low storage levels earlier in 2003, have contributed to the higher prices. Natural gas production in FY 2003 of 445 million cubic feet represented a continuing decrease from the recent peak of 730 million cubic feet in FY 1996. Production is expected to continue to decline for the foreseeable future as natural gas reserves, especially those in the Hugoton field, are depleted. But the rate of decline is expected to decelerate slightly throughout the forecast period, attributable in part to the aforementioned market forces and higher prices. The current forecast is for 420 million cubic feet for FY 2004 and 390 million cubic feet for FY 2003.

Inflation Rate

The Consumer Price Index for all Urban consumers (CPI-U) is expected to increase by 2.4 percent in 2003. The national forecasts for both 2004 and 2005 are for inflation to continue at moderate levels, 1.8 percent and 2.2 percent, respectively.

Interest Rates

The Pooled Money Investment Board is authorized to make investments in US Treasury and Agency securities, highly rated commercial paper, repurchase agreements and certificates of deposit of Kansas banks. In FY 2003, the state earned 1.63 percent on its SGF portfolio. The average rate of return forecasted for FY 2004 is 1.28 percent. For FY 2005, the forecasted rate is 1.79 percent.

Accounts Receivable

As a result of additional collection resources provided to the Department of Revenue by the 2001 Legislature, estimated SGF receipts for the next several fiscal years were at the time increased by over \$49 million per year. The latest information available suggests that the enhanced accounts receivable collections attributable to the resources provided by the 2001 legislation is in the range of \$20 million to \$25 million per year. At the time of enactment, the assumption was made that the enhanced collections would be gone from the tax base by the end of FY 2006.

Tax Amnesty

Legislation enacted in 2003 establishes a tax amnesty program from October 1 through November 30, wherein an additional \$19.5 million of revenue is expected to be produced (\$12.5 million from individual income taxes and \$7.0 million from sales taxes). The Department of Revenue reported that as of late October, collections for the first several weeks of the amnesty program tended to support the \$19.5 million estimate.

New Federal Tax Law Impact

An analysis completed by the Department of Revenue indicates that the impact of the new federal tax law on SGF tax receipts is a reduction in FY 2004 of \$14 million (\$11.5 million in corporation income tax receipts; \$2.5 million in individual income tax receipts) and a reduction in FY 2005 of \$12 million (\$11 million, corporate; \$1 million, individual). But Kansas has received in FY 2004 an additional \$45.7 million in SGF receipts (which is shown as agency earnings and miscellaneous receipts) attributable to flexible grant monies provided in the same federal legislation. (It should be noted that the state also received \$45.7 million in similar funding during FY 2003.) Additional Medicaid funds the state will receive from the federal legislation will not be deposited directly into the SGF but will instead reduce SGF expenditures.

Property Tax Accelerator

Based upon a law enacted in 2003 and upon a subsequent finding by the Governor over the summer as to the state's fiscal condition, the property tax payment date for the second half of the prior year's property taxes has now been accelerated from June 20 to May 10, beginning in 2004. Although the primary intent of that action was to increase FY 2004 local effort for purposes of the school finance formula, a number of other statutory adjustments to state property tax levies also occurred once the accelerator provisions were triggered. For tax year 2003 only, a temporary property tax levy of 0.6 mills is imposed for the SGF, while the levy for state building funds is decreased by 0.6 mills. The SGF also will receive a similar portion of the state's receipts attributable to the in-lieu-of property tax on motor vehicles through the end of calendar year 2004.

Economic Forecasts

	CY 02	CY 03*	CY 04*	CY 05*
KPI Growth	1.9%	3.0%	4.6%	4.8%
Inflation (CPI-U)	1.6%	2.4%	1.8%	2.2%
		FY 03	FY 04*	FY 05*
SGF Interest		1.63%	1.28%	1.79%
Oil and Gas				
Oil Price per bbl		\$ 27.33	\$ 27.00	\$ 25.00
Gross Prod. (000)		33,244	33,000	33,000
Gas Price per mcf		\$ 3.45	\$ 4.25	\$ 3.90
Gas Taxable Value		1,425,402	1,677,900	1,425,938

* Estimated

Attached Tables

Table 1 compares the revised FY 2004 and new FY 2005 estimates with actual receipts from FY 2003. Table 2 shows the changes in the FY 2004 estimates. Tables 3 and 4 compare the new estimates with a second set of estimates under the assumption that the Governor subsequently will decide to use a statutory prerogative to pay an additional \$50 million in refunds by the end of FY 2004 that under current law are scheduled to be decelerated until FY 2005. Under such a contingency, FY 2004 receipts would be reduced by \$50 million, while the new FY 2005 estimate would be increased by \$50 million.

State General Fund Receipts Estimates

FY 2004. The revised estimate of SGF receipts for FY 2004 is \$4.484 billion, an increase of \$11.9 million from the previous estimate made in April and subsequently adjusted for legislation enacted after that point and for the implementation of the property tax accelerator provisions by the

Governor in August. The revised estimate is \$238.0 million or 5.6 percent above actual FY 2003 receipts, but as noted previously, the new FY 2004 figure would have represented much lower growth but for a number of one-time enhancements affecting SGF receipts. Assuming the Governor were to exercise her authority to pay tax refunds in the traditional manner, the overall growth rate would be 4.4 percent. The overall growth rate would be 3.6 percent if the \$50 million of tax refund deferrals; \$19.5 million in tax amnesty; and \$15.3 million in property and motor vehicle taxes were all excluded from the estimate. Growth in total taxes would have been 3.4 percent (in lieu of 5.4 percent) but for those provisions. Details of the revised estimate are reflected in Tables 1 and 2.

Each individual SGF source was reevaluated independently and consideration was given to revised and updated economic forecasts, collection information from the Departments of Revenue and Insurance, and year-to-date receipts.

The estimate of total taxes was decreased by \$31.6 million, while the estimate of "other revenue" was increased by \$43.5 million – due in large part to the \$45.7 million receipt of federal grant funds.

The estimate for individual income taxes was decreased by \$36.0 million. A number of factors contributed to this downward revision, including the reduced KPI growth projection, the impact of the new federal tax law, and the fact that receipts through October were running \$11.4 million below the prior fiscal-year-to-date estimate. Final FY 2003 receipts for this source finished almost \$30 million below the final estimate for that year, and overall individual income tax receipts fell by a combined \$227.3 million for the FY 2001-FY 2003 period.

Compensating use taxes also underwent a substantial cut of \$21.0 million in the estimate. Final use tax receipts for FY 2003 actually declined relative to FY 2002, notwithstanding a tax rate increase. Receipts through October were already \$9.5 million below the prior fiscal-year-to-date estimate. The relatively weak economy over the last 18 months and its impact on taxable purchases by businesses have likely played a major role in the lack of use tax growth.

The cigarette tax receipts forecast was decreased by \$15.0 million. Though final receipts in FY 2003 came within \$1 million of the final estimate for the year after the major tax rate increase, receipts have been extremely sluggish in FY 2004 and were \$5.2 million below the prior estimate through October. The current forecast calls for receipts to remain virtually flat in FY 2004, notwithstanding the fact that the fully phased in rate increase (55 cents per pack) will have been in effect for the entire fiscal year. (The tax rate for the first six months of FY 2003 was only 46 cents per pack higher than the prior law before going up an additional nine cents per pack on January 1, 2003.)

On the positive side, the estimate for sales taxes was increased by \$16.0 million. Sales tax receipts were running \$7.0 million ahead of the prior estimate through October, and growth is expected to continue for this source based on some recent positive indications in the national economy about consumer confidence and spending.

The overall severance tax estimate was increased by \$13.3 million. Of this amount, \$10.2 million is attributable to an increase in the estimate for the tax on natural gas and \$3.1 million is attributable to an increase for the tax on oil. As noted previously, the change in the gas estimate is primarily due to the increase in the forecasted price per mcf from \$3.75 to \$4.25.

Other positive changes in tax sources in excess of \$1.0 million included the corporation income tax estimate, which was increased by \$5.0 million, the insurance premiums tax estimate,

which was increased by \$3.0 million, and the estate tax estimate, which was increased by \$2.0 million.

The relatively strong growth in the estimates of the liquor gallonage and liquor enforcement taxes is based on collections through October as well as the implementation of Sunday sales in a number of cities.

FY 2005. SGF receipts are estimated to be \$4.469 billion in FY 2005, a decrease of \$14.4 million or 0.3 percent when compared to the newly revised FY 2004 figure. The overall FY 2005 growth rate would be 1.9 percent under the aforementioned assumption that the Governor would opt to pay tax refunds in the traditional manner. This figure represents slower growth relative to the comparable FY 2004 figure largely because the \$45.7 million in federal grant funding is not expected to repeat in FY 2005. Total taxes in FY 2005 would have grown 3.6 percent over the new FY 2004 estimate if the latter did not contain the amnesty and property and car tax estimates and if refunds were to be paid in the more timely manner. Details of this estimate are shown in Table 1.

Modest growth is expected to continue in the "base" estimates (adjusted for the tax refund deceleration and tax amnesty provisions) of individual income and sales taxes in FY 2005, based on the expectations that the economic recovery will continue and that KPI growth will accelerate. The compensating use tax, however, is expected to remain virtually flat throughout the forecast period. The overall severance tax estimate for FY 2005 is \$12 million lower than the FY 2004 estimate, based largely on the assumptions that prices of both oil and gas will decrease somewhat and that gas production will continue to decline.

Accuracy of Consensus Revenue Estimates

For 29 years, SGF revenue estimates for Kansas have been developed using the consensus revenue estimating process. Besides the three state agencies identified on the first page, the economists currently involved in the process are Joe Sicilian from the University of Kansas, Ed Olson from Kansas State University, and John Wong from Wichita State University. Each of the entities and individuals involved in the process prepared independent estimates and met on November 3, 2003, to discuss estimates and come to a consensus for each fiscal year.

STATE GENERAL FUND ESTIMATES

Fiscal Year	Adjusted Original Estimate*	Adjusted Final Estimate**	Actual Receipts	Difference from Original Estimate*		Difference from Final Estimate**	
				Amount	Percent	Amount	Percent
1975	--	\$614.9	\$627.6	--	--	\$12.7	2.1%
1976	\$676.3	699.7	701.2	\$24.9	3.7%	1.4	0.2
1977	760.2	760.7	776.5	16.3	2.1	15.8	2.1
1978	830.1	861.2	854.6	24.5	3.0	(6.5)	(0.8)
1979	945.2	1,019.3	1,006.8	61.6	6.5	(12.5)	(1.2)
1980	1,019.3	1,095.9	1,097.8	78.5	7.7	1.9	0.2
1981	1,197.1	1,226.4	1,226.5	29.4	2.5	0.1	0.0
1982	1,351.3	1,320.0	1,273.0	(78.3)	(5.8)	(47.0)	(3.6)
1983	1,599.2	1,366.9	1,363.6	(235.6)	(14.7)	(3.2)	(0.2)
1984	1,596.7	1,539.0	1,546.9	(49.8)	(3.1)	7.9	0.5
1985	1,697.7	1,679.7	1,658.5	(39.2)	(2.3)	(21.3)	(1.3)
1986	1,731.2	1,666.4	1,641.4	(89.8)	(5.2)	(25.0)	(1.5)
1987	1,903.1	1,764.7	1,778.5	(124.6)	(6.5)	13.8	0.8
1988	1,960.0	2,031.5	2,113.1	153.1	7.8	81.6	4.0
1989	2,007.8	2,206.9	2,228.3	220.5	11.0	21.4	1.0
1990	2,241.2	2,283.3	2,300.5	59.3	2.6	17.2	0.8
1991	2,338.8	2,360.6	2,382.3	43.5	1.9	21.7	0.9
1992	2,478.7	2,454.5	2,465.8	(12.9)	(0.5)	11.3	0.5
1993	2,913.4	2,929.6	2,932.0	18.6	0.6	2.4	0.1
1994	3,040.1	3,126.8	3,175.7	135.6	4.5	48.9	1.6
1995	3,174.4	3,243.9	3,218.8	44.4	1.4	(25.1)	(0.8)
1996	3,428.0	3,409.2	3,448.3	20.3	0.6	39.0	1.1
1997	3,524.8	3,642.4	3,683.8	159.0	4.5	41.4	1.1
1998	3,714.4	3,971.0	4,023.7	309.3	8.3	52.7	1.3
1999	3,844.7	4,051.9	3,978.4	133.7	3.5	(73.4)	(1.8)
2000	4,204.1	4,161.0	4,203.1	(1.0)	0.0	42.1	1.0
2001	4,420.7	4,408.7	4,415.0	(5.7)	(0.1)	6.4	0.1
2002	4,674.5	4,320.6	4,108.9	(565.6)	(12.1)	(211.7)	(4.9)
2003	4,641.0	4,235.6	4,245.6	(395.4)	(9.3)	9.9	0.2

* The adjusted original estimate is the estimate made in November or December prior to the start of the next fiscal year in July and adjusted to account for legislation enacted, if any, which affected receipts to the SGF.

** The final estimate made in March or April is the adjusted original estimate plus or minus changes subsequently made by the Consensus Estimating Group. It also includes the estimated impact of legislation on receipts.

The table (above) presents estimates compared to actual receipts since FY 1975, the fiscal year for which the current process was initiated. First, the adjusted original estimate is compared to actual collections and then the final estimate is compared to actual receipts. In each of the last two fiscal years, actual receipts have been slightly lower than original estimates.

As might be expected, there has usually been a smaller difference between actual receipts and the final estimate because only three months remained in the fiscal year when the final estimate was made. In the last 15 fiscal years, the most significant shortfall in receipts relative to the final estimate was FY 2002 (4.9 percent); while the largest percentage underestimate occurred in FY 1994 (1.6 percent).

Concluding Comments

Consensus revenue estimates are based on current federal and state laws and their current interpretation, including the provision of law enacted in 2003 that would defer \$50 million in tax refunds from FY 2004 until FY 2005. The Consensus group will meet again in April to revise these estimates. Developments which occur between the November and April meeting will be taken into account at that time.

Table 1
State General Fund Receipts
(In Thousands)

	FY 2003		Consensus Estimates, November 3, 2003			
			FY 2004 (Revised)		FY 2005	
	Amount	Percent Increase	Amount	Percent Increase	Amount	Percent Increase
Property Tax:						
Motor Carrier	\$ 15,729	(12.9) %	\$ 17,500	11.3 %	\$ 18,000	2.9 %
General Property	0	0.0	13,600	---	400	(97.1)
Motor Vehicle	0	0.0	1,700	---	1,200	(29.4)
Total	\$ 15,729	(12.9) %	\$ 32,800	108.5 %	\$ 19,600	(40.2) %
Income Taxes:						
Individual	\$ 1,750,054	(4.3) %	\$ 1,855,000	6.0 %	\$1,850,000	(0.3)
Corporation	105,222	12.0	120,000	14.0	110,000	(8.3)
Financial Inst.	31,120	11.5	34,250	10.1	34,250	0.0
Total	\$ 1,886,396	(3.3) %	\$ 2,009,250	6.5 %	\$1,994,250	(0.7)
Estate/Succession	\$ 46,952	(2.4) %	\$ 46,250	(1.5) %	\$ 48,250	4.3 %
Excise Taxes:						
Retail Sales	\$ 1,567,722	6.6 %	\$ 1,635,000	4.3 %	\$ 1,685,000	3.1 %
Compensating Use	225,923	(3.3)	220,000	(2.6)	225,000	2.3
Cigarette	129,250	169.0	130,000	0.6	128,000	(1.5)
Tobacco Prod.	4,510	4.8	4,900	8.6	5,000	2.0
Cereal Malt Bev.	2,273	(4.5)	2,500	10.0	2,500	0.0
Liquor Gallonage	14,802	1.2	16,000	8.1	16,500	3.1
Liquor Enforce.	38,833	3.8	41,750	7.5	44,000	5.4
Liquor Dr. Places	6,847	3.5	7,400	8.1	7,700	4.1
Corp. Franchise	31,090	67.9	35,000	12.6	36,000	2.9
Severance	72,775	30.7	85,450	17.4	73,450	(14.0)
Gas	56,261	34.6	67,850	20.6	57,150	(15.8)
Oil	16,515	18.9	17,600	6.6	16,300	(7.4)
Total	\$ 2,094,025	10.7 %	\$ 2,178,000	4.0 %	\$ 2,223,150	2.1 %
Other Taxes:						
Insurance Prem.	\$ 94,455	11.2 %	\$ 95,000	0.6 %	\$ 95,000	0.0 %
Miscellaneous	4,427	82.9	4,500	1.6	4,500	0.0
Total	\$ 98,882	13.2 %	\$ 99,500	0.6 %	\$ 99,500	0.0 %
Total Taxes	\$ 4,141,984	3.6 %	\$ 4,365,800	5.4 %	\$ 4,384,750	0.4 %
Other Revenues:						
Interest	\$ 19,075	(50.7) %	\$ 12,800	(32.9) %	\$ 21,500	68.0 %
Net Transfers	(13,036)	---	6,300	(148.3)	9,500	---
Ag. Earn. & Misc.	97,556	89.5	98,700	1.2	53,500	(45.8)
Total Other Revenue	\$ 103,595	(7.5) %	\$ 117,800	13.7 %	\$ 84,500	(28.3) %
Total Receipts	<u>\$ 4,245,579</u>	3.3 %	<u>\$ 4,483,600</u>	5.6 %	<u>\$ 4,469,250</u>	(0.3) %

Table 2
State General Fund Receipts – Comparison of Estimates for FY 2004
Made on April 22, 2003, as adjusted, with those made on November 3, 2003

	Estimate* 4/22/03	Revised Estimate 11/3/03	Difference
Property Tax:			
Motor Carrier	\$ 17,500	\$ 17,500	\$ 0
General Property	13,778	13,600	(178)
Motor Vehicle	2,122	1,700	(422)
Total	<u>\$ 33,400</u>	<u>\$ 32,800</u>	<u>\$ (600)</u>
Income Taxes:			
Individual	\$ 1,891,000	\$ 1,855,000	\$ (36,000)
Corporation	115,000	120,000	5,000
Financial Inst.	34,250	34,250	0
Total	<u>\$ 2,040,250</u>	<u>\$ 2,009,250</u>	<u>\$ (31,000)</u>
Estate/Succession	\$ 44,250	\$ 46,250	\$ 2,000
Excise Taxes:			
Retail Sales	\$ 1,619,000	\$ 1,635,000	\$ 16,000
Compensating Use	241,000	220,000	(21,000)
Cigarette	145,000	130,000	(15,000)
Tobacco Prod.	4,900	4,900	0
Cereal Malt Bev.	2,600	2,500	(100)
Liquor Gallonage	15,200	16,000	800
Liquor Enforce.	41,250	41,750	500
Liquor Dr. Places	7,400	7,400	0
Corp. Franchise	35,000	35,000	0
Severance	72,150	85,450	13,300
Gas	57,650	67,850	10,200
Oil	14,500	17,600	3,100
Total	<u>\$ 2,183,500</u>	<u>\$ 2,178,000</u>	<u>\$ (5,500)</u>
Other Taxes:			
Insurance Prem.	\$ 92,000	\$ 95,000	\$ 3,000
Miscellaneous	4,000	4,500	500
Total	<u>\$ 96,000</u>	<u>\$ 99,500</u>	<u>\$ 3,500</u>
Total Taxes	\$ 4,397,400	\$ 4,365,800	\$ (31,600)
Other Revenues:			
Interest	\$ 12,000	\$ 12,800	\$ 800
Net Transfers	6,815	6,300	(515)
Ag. Earn. & Misc.	55,448	98,700	43,252
Total Other Revenue	<u>\$ 74,263</u>	<u>\$ 117,800</u>	<u>\$ 43,537</u>
Total Receipts	<u><u>\$ 4,471,663</u></u>	<u><u>\$ 4,483,600</u></u>	<u><u>\$ 11,937</u></u>

* As adjusted for legislation enacted subsequent to that meeting and for the accelerator provisions.

Table 3
State General Fund Receipts – Comparison of Revised Estimates for FY 2004
with Assumption Governor will Waive Refund Deceleration Provisions

	Revised Estimate 11/3/03	Refund Decelerations Waived *	Difference
Property Tax:			
Motor Carrier	\$ 17,500	\$ 17,500	\$ 0
General Property	13,600	13,600	0
Motor Vehicle	1,700	1,700	0
Total	\$ 32,800	\$ 32,800	\$ 0
Income Taxes:			
Individual	\$ 1,855,000	\$ 1,819,000	\$ (36,000)
Corporation	120,000	110,000	(10,000)
Financial Inst.	34,250	34,000	(250)
Total	\$ 2,009,250	\$ 1,963,000	\$ (46,250)
Estate/Succession	\$ 46,250	\$ 46,000	\$ (250)
Excise Taxes:			
Retail Sales	\$ 1,635,000	\$ 1,633,000	\$ (2,000)
Compensating Use	220,000	219,000	(1,000)
Cigarette	130,000	130,000	0
Tobacco Prod.	4,900	4,900	0
Cereal Malt Bev.	2,500	2,500	0
Liquor Gallonage	16,000	16,000	0
Liquor Enforce.	41,750	41,500	(250)
Liquor Dr. Places	7,400	7,400	0
Corp. Franchise	35,000	35,000	0
Severance	85,450	85,200	(250)
Gas	67,850	67,600	(250)
Oil	17,600	17,600	0
Total	\$ 2,178,000	\$ 2,174,500	\$ (3,500)
Other Taxes:			
Insurance Prem.	\$ 95,000	\$ 95,000	\$ 0
Miscellaneous	4,500	4,500	0
Total	\$ 99,500	\$ 99,500	\$ 0
Total Taxes	\$ 4,365,800	\$ 4,315,800	\$ (50,000)
Other Revenues:			
Interest	\$ 12,800	\$ 12,800	\$ 0
Net Transfers	6,300	6,300	0
Ag. Earn. & Misc.	98,700	98,700	0
Total Other Revenue	\$ 117,800	\$ 117,800	\$ 0
Total Receipts	<u>\$ 4,483,600</u>	<u>\$ 4,433,600</u>	<u>\$ (50,000)</u>

* See provisions of 2003 HB 2444 granting the Governor this power.

Table 4
State General Fund Receipts – Comparison of Estimates for FY 2005
with Assumption Governor will Waive Refund Deceleration Provisions

	Estimate 11/3/03	Refund Decelerations Waived *	Difference
Property Tax:			
Motor Carrier	\$ 18,000	\$ 18,000	\$ 0
General Property	400	400	0
Motor Vehicle	1,200	1,200	0
Total	<u>\$ 19,600</u>	<u>\$ 19,600</u>	<u>\$ 0</u>
Income Taxes:			
Individual	\$ 1,850,000	\$ 1,886,000	\$ 36,000
Corporation	110,000	120,000	10,000
Financial Inst.	34,250	34,500	250
Total	<u>\$ 1,994,250</u>	<u>\$ 2,040,500</u>	<u>\$ 46,250</u>
Estate/Succession	\$ 48,250	\$ 48,500	\$ 250
Excise Taxes:			
Retail Sales	\$ 1,685,000	\$ 1,687,000	\$ 2,000
Compensating Use	225,000	226,000	1,000
Cigarette	128,000	128,000	0
Tobacco Prod.	5,000	5,000	0
Cereal Malt Bev.	2,500	2,500	0
Liquor Gallonage	16,500	16,500	0
Liquor Enforce.	44,000	44,250	250
Liquor Dr. Places	7,700	7,700	0
Corp. Franchise	36,000	36,000	0
Severance	73,450	73,700	250
Gas	57,150	57,400	250
Oil	16,300	16,300	0
Total	<u>\$ 2,223,150</u>	<u>\$ 2,226,650</u>	<u>\$ 3,500</u>
Other Taxes:			
Insurance Prem.	\$ 95,000	\$ 95,000	\$ 0
Miscellaneous	4,500	4,500	0
Total	<u>\$ 99,500</u>	<u>\$ 99,500</u>	<u>\$ 0</u>
Total Taxes	\$ 4,384,750	\$ 4,434,750	\$ 50,000
Other Revenues:			
Interest	\$ 21,500	\$ 21,500	\$ 0
Net Transfers	9,500	9,500	0
Ag. Earn. & Misc.	53,500	53,500	0
Total Other Revenue	<u>\$ 84,500</u>	<u>\$ 84,500</u>	<u>\$ 0</u>
Total Receipts	<u><u>\$ 4,469,250</u></u>	<u><u>\$ 4,519,250</u></u>	<u><u>\$ 50,000</u></u>

* See provisions of 2003 HB 2444 granting the Governor this power.